COMMITTEE REPORT NO. 02 14 (3) TABLED ON JUN 2 0 2000

Northwest Territories Legislative Assembly

Standing Committee on Governance and Economic Development

Review of the 2000/2003 Business Plans and 2000/2001 Main Estimates

Chair: Mr. Floyd Roland

105-00519/

Northwest Territories Legislative Assembly

Governance and Economic Development

June 20, 2000

THE HONOURABLE ANTHONY (TONY) WHITFORD, M.L.A.
SPEAKER OF THE LEGISLATIVE ASSEMBLY

Mr. Speaker:

Your Standing Committee on Governance and Economic Development has the honour of presenting its Report on the Review of the 2000-2003 Business Plans and the 2000-2001 Main Estimates for Departments within its terms of reference, and commends it to the House.

Floyd Roland, MLA
Chair

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14th Assembly

Legislative Assembly of the Northwest Territories

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Standing Committee on Governance and Economic Development Report on the 2000-2003 Business Plan and the 2000/2001 Main Estimates

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Standing Committee on Governance and Economic Development Report on the 2000-2003 Business Plan and the 2000/2001 Main Estimates

Introduction

This is the first set of Business Plans and Draft Main Estimates for the 14th Assembly and the newly formed Standing Committee on Governance and Economic Development. The Committee met from May 25, 2000 through June 1, 2000 to review the 2000/2003 Business Plans and 2000/2001 Draft Main Estimates for the Departments within its terms of reference. The number of Departments and the limited time to complete the reviews necessitated an intense and concerted effort by all those involved.

Committee Issues

Business Plans

The Committee expresses the need for Departments to have benchmarks and quantifiable and measurable goals and outcomes. Without these markers it is difficult for Departments to measure their successes and decreases the need to adhere to a work plan.

The Members also noted that there were differences between Departments in the terms and formats used in the Business Plans. For example, most Departments did not provide an itemized list of capital assets that are now reported under Operational Expenses or O & M; and some Departments listed their Affirmative Action statistics including the number of women in management, whereas other Departments did not. The Committee encourages the Government to adopt standard terminology and formats for future Business Plans.

Sectors of Government Involved in Intergovernmental Negotiations

The Committee has reservations in respect to the increasing number of Government Departments and sections within Departments entering into intergovernmental negotiations. With so many pockets of government involved in intergovernmental negotiation, there is concern about the real potential for the inefficient use of people and government funds. The Members' concern is compounded by what appears to be a lack of clear lines of authority between the different groups involved.

Regional Capacity Building and Accountability

The Government of the Northwest Territories is relying more and more upon alternative service providers to deliver programs. There is little or no control over the operations of service providers yet, should the delivery system fail, the government is ultimately responsible. The Committee would like to point out that many non-government organizations have indicated a need for multi-year funding to assist them in their long range planning. It is imperative that monitoring and tracking systems be in place to accommodate this initiative.

The Committee also felt that it was necessary that adequate funding, training and facilities accompany the devolution of programs and services to communities and Non-government Organizations.

Decreasing Capital Expenditures

The Standing Committee on Governance and Economic Development note that there is a marked increase in the amount of funds being used to increase and sustain bureaucracy. It is the opinion of the Committee that these funds could be better spent on infrastructure or other essential programs or services for the people of the Northwest Territories.

Informatics

Each Department is carrying out their own review of informatics in addition to a government-wide review. The Members question the efficiency and effectiveness of the approach employed in the review. Individual Departmental and government wide reviews require a great deal of resources.

Department of Resources, Wildlife and Economic Development

General

The mandate of the Department of Resources, Wildlife and Economic Development is to promote economic self-sufficiency through the sustainable development of natural resources and to enhance the creation of sustainable opportunities in the traditional and wage economies.

The Standing Committee on Governance and Economic Development reviewed the 2000-2003 Business Plans and Main Estimates for the Department of Resources, Wildlife and Economic Development on Thursday, May 25 and Friday, May 26, 2000.

The Committee observed an overall increase of $3,765 million (5%) in the Draft 2000-2001 Main Estimates from the 1999-2000 Main Estimates. The Department reduced its number of staff positions by one; there are presently 458 positions in the Department.

The Committee is concerned the Department is not able to effectively fulfill a mandate that includes not only economic development, but also that of environmental protection. This conflict may lead to a decreased ability to take full advantage of the current oil and gas resurgence, but to also properly manage the environmental challenges that come with increased resource development. In a motion made on March 31, 2000 in the Legislative Assembly that requested a comprehensive audit of the Department, this potential conflict was also stated. The motion, however, was defeated.

Tourism

The Committee emphasized that tourism has the potential to be an important contributor to the economy of the Northwest Territories. However, proposed funding levels for this sector is expected to decrease slightly from $1.056 M to $1.044 M. Although the proposed decrease of $12,000 is minimal, in real terms it represents continuing erosion in funding for tourism.

Committee Members are concerned that tourism continues to receive inadequate levels of funding and if this sector of the economy is expected to grow, more funding and support is required.

The Committee also noted the lack of a NWT presence at the EXPO in Hanover, Germany. Europe represents a large market for tourism and northern products and Committee Members were of the opinion that the Government might be prudent to have a presence there.

The Department explained that it could not afford a booth at EXPO. However, the Committee suggested that advanced planning for upcoming EXPOs might result in greater savings.

Environment

The Department continues to deliver programs and services with conflicting values and functions. The Committee was concerned about the Department's ability to equitably balance its core functions, environmental protection and economic development. Although the Department explained that it relies upon its Sustainable Development Policy to balance these core functions, Committee Members remain unconvinced.

The Committee pointed out that communities and the Department have on several occasions experienced a lack of coordination in their firefighting efforts. Better coordination will result in a reduction of damage and a more efficient, economical and effective allocation of limited resources. The Department agreed with the Committee and explained that a list of priorities (protection of human life, community infrastructure and property, natural resources including species at risk and cultural sites, in that order) has been adopted by the Department in its fire suppression efforts. The Committee urges full consultation and coordination between the Department and the communities to improve fire suppression.

The Department reported that revised emission standards are being developed. The Committee noted that in some jurisdictions, certain emission standards are industry-specific and as a result may place unfair and expensive restrictions on a particular sector. Committee Members received assurances from the Department that the air quality standards, existing and proposed, are and will be applicable to all northern industries.

Economic Development

A focused and effective economic strategy is essential to economic growth in the Northwest Territories. The development of an economic strategy was attempted in the final year of the last government, but without success. There is a need for a coherent economic strategy for this Government. A new strategy is in draft form and the Department has agreed to supply the Committee with a copy for its review prior to tabling. The Committee looks forward to reviewing the strategy document.

The petroleum industry is developing a greater presence in the North. Committee Members observed that this development represents an opportunity for increased employment and community development. Training for entry into the oil and gas sector will reduce out migration from smaller communities and the Northwest Territories overall.

The Committee added that jobs should be located in the communities and regions where the development is taking place. More money and training must be made available for Northerners, especially in the smaller communities, to allow them to take full advantage of petroleum and other resource developments.

Furthermore, the Committee encouraged the Department to work with the Department of Education, Culture and Employment and industry to develop training programs for northerners. The Committee reminded the Government that funding for oil and gas development and training could be found "from within", as the Government has done with the diamond industry.

The Committee also encourages the Government to expend more effort on the traditional economy versus the new wage economy. The traditional economy based on hunting and harvesting, and arts and crafts are sometimes the only viable means of support in many communities. Many communities and regions do not have oil and gas or other large-scale projects in their regions to supply employment opportunities. In addition, many people do not wish to abandon their traditional lifestyle.

Committee Members note the lack of an Agricultural Policy that will guide the Government and industry to effectively and economically harvest and manage our large tracts of arable lands. However, the Government replied that until land claims and self-government issues are settled, the development of an effective Agricultural Policy could not take place.

The Committee supports consultation with stakeholders, especially communities in any policy development or licensing approval including forestry and other resource developments.

Human Resources

In its review of the Department's Business Plans, the Committee took note of the 64 vacant positions in the Department and the minimal presence of women and Aboriginal persons in management.

The Department replied that many of the vacant positions are seasonal, and they are working on efforts to increase the number of women and Aboriginal persons in management.

Northwest Territories Development Corporation

The Committee was concerned that the Northwest Territories Development Corporation did not have a corporate plan. A corporate plan would result in a more responsive, effective and auditable allocation of resources. The Department agreed to supply a corporate plan of the Development Corporation once it is completed.

Committee Members further pointed out that given the lack luster investment history of the Development Corporation, the Government might not be receiving value for money on its investment. The Committee urges the Minister to review the Corporation's subsidiaries and looks forward to receiving and discussing the report with the Minister.

Department of Finance

General

The Department of Finance and its Minister have the mandate for obtaining the necessary financial resources required to implement the Government of the Northwest Territories' policies and programs, negotiating major financial arrangements with the Federal Government, regulating the insurance industry and controlling the sale of alcohol products in the Northwest Territories.

The Standing Committee on Governance and Economic Development reviewed the Department of Finance's 2000-2003 Business Plan and Draft Main Estimates on Friday, May 26, 2000. The Committee noted that Operations Expenses or O & M expenditures increased by $1,564,000 or 19% over the 1999/2000 Main Estimates. There have been no changes in the number of positions in the Department since the presentation of the 1999/2000 Main Estimates.

The Department administers the Grant from Canada (which accounts for most of our revenues), territorial taxes and other revenues. Committee Members concluded that unless significant revenues are procured and substantially better management of existing resources developed, the Government's ability to maintain and deliver programs and services may be severely compromised. Futhermore, this Government is facing increasing interest costs on our debt.

Regional Capacity Building

The Government continues it community empowerment initiative under the guise of regional capacity building. Committee Members reminded the Government that adequate funding, training and facilities must accompany the downloading of programs and services. Public safety should always be the primary concern.

An effective, accountable, and auditable third party accountability framework must be a required component of any downloading. Committee Members pointed out that this was also suggested by the Auditor General of Canada in his Report on Other Matters for 1998-1999. The Government needs to know if communities are managing and administering their programs and services in a safe, effective, economical and efficient manner.

Human Resources

The Committee commented that this Department is doing better than other Departments in the area of Affirmative Action. The Committee also encouraged the Department to continue to improve upon its efforts and for other Departments to follow suit.

Financial Management Board Secretariat

General

The FMBS and the Chair of the Financial Management Board (FMB) have the mandate for managing and controlling the financial, human and information resources of the Government and for providing information to the FMB and ensuring that the Government's financial, human and information resources are managed in an effective, efficient and economical manner.

The Standing Committee on Governance and Economic Development reviewed the 2000-2003 Business Plans and Draft Main Estimates for the FMBS on Friday, May 26, 2000. The Committee noted a $7,123,000 or 39% increase in total Operations or O & M expenditures between the 1999/2000 Main Estimates and the 2000/2001 Proposed Main Estimates. The Committee also noted a $66,000 or 12% increase in total Capital expenditures between the 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. Committee Members also noted the significant increase of 30 positions; an overall 26% increase in staff in the Secretariat.

The Committee encourages the Government to review and consider options to reduce our accumulated debt and operating deficit. Committee Members are of the position that given our financial proximity to our debt wall or borrowing limit, the Government is not taking enough effective action to lower our debt. The Committee would like to be informed in advance of any debt management initiatives that may be considered for implementation by this Government. Committee Members were also concerned with regional capacity building and third party accountability. The Committee, throughout the review exercise emphasized that public safety should be considered first in any regional or community capacity building initiative.

Regional Capacity Building

Committee Members concluded that adequate funding, training and facilities must accompany downloading of programs and services. Furthermore, regions and communities must adhere to an effective and auditable Third Party Accountability framework – we need to know if communities are managing and administering their

programs and services in an accountable, safe and effective manner. The Committee is aware that the need for a third party accountability framework was mentioned as a concern by the Auditor General of Canada in his Report on Other Matters for 1998-1999. The Secretariat agreed.

In the previous Government, the capital planning process was initiated with each community receiving a call letter from the Premier. The community would submit its list of capital projects and priorities to the Premier's Office. Currently, selected Departments have haphazardly adopted the call letter approach. A consistent capital planning process across Government is not apparent. Committee Members suggested that the current capital planning process needs to be reviewed. In addition, the Committee reiterated its concern for public safety by pointing out that communities must have enough funding to properly operate their facilities.

Oil and Gas

The oil and gas sector promises to provide northerners with increased employment and business opportunities as well as additional tax revenues for the Government. However, the northern labour pool may not have the training or numbers to take full advantage. Training for work in the petroleum industry should be a priority for the Government.

The FMBS explained that there isn't enough money available to provide the necessary training or for other industry programs and services. The Committee replied that if the Government can find money within for the diamond industry, it can find money "from within" for the oil and gas industry.

Business Planning

The FMBS is responsible for the overall coordination and planning process for business planning in Government. The Standing Committees had less than two weeks to review the Government's Business Plan and in addition, on this occasion, the Government's Draft Main Estimates. As a result, Committee Members strongly encourage a consistent reporting format, as well as a Government-wide adoption of a more specific set of quantifiable performance measurements.

Digital Communications Network

The Committee has pointed out that the DCN may no longer be able to meet increased demand. The Government may be subsidizing a service that does not meet its needs. The Minister agreed. Committee Members encouraged the FMBS to adopt new methods to increase bandwidth.

Capital Tangible Assets Software

The Government has adopted the accrual based accounting system that is in use by the private sector. Part of the conversion to the new system will entail a valuation of the Government's capital assets. The Committee noted that FMBS has purchased the Capital Tangible Assets Software system to assist the Government in completing and maintaining its capital assets reporting process.

Committee Members remain concerned that this new software system may result in another PeopleSoft debacle where the Government is consistently paying for required upgrades and training for a program that is difficult to use.

The Government advised the Committee that it has spent $744,000 to date on the Capital Tangible Assets Software program and stated that it is a one-time expense. The Committee noted that the Government requested $500 K in its 2000-2001 Interim Appropriation proposal for purchase of the same program. In addition, the Government stated then, that the $500 K "is a one time initiative" (p. 3, FMBS, 2000-2001 Interim Appropriation).

Staff Housing

The Committee observed that the Government is still involved in staff housing. The Government had agreed to get out of staff housing three fiscal years ago. Committee Members encouraged the Government to increase its efforts to get out of staff housing. The Committee recognizes that this issue remains a concern particularly in remote communities. Committee Members encourage the FMBS to work with the NWTHC to work with communities to rectify the housing issue.

Human Resources

The Committee pointed out the minimal presence of Aboriginal persons and women in management at the FMBS and encouraged the Secretariat to improve efforts in the area of Affirmative Action. Once the Affirmative Action Plan is completed, the Secretariat will provide it to the Committee for review.

Municipal and Community Affairs

General

The Department of Municipal and Community Affairs (MACA) assists community residents to organize and manage representative, responsible and accountable community government. The Department is primarily a service support provider.

The Standing Committee on Governance and Economic Development reviewed the 2000-2003 Business Plans and Draft Main Estimates for the MACA on Monday, May 29 and Tuesday May 30, 2000. The Committee noted a $10,604,000 or 22% increase in total Operations or O & M expenditures between their 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. The projected increase is due to the inclusion of capital assets under $50,000 as part of the Department's Operations Expenses as required under the new Tangible Capital Assets reporting process. Previously, all capital assets were reported under Capital expenditures. Committee Members also noted the decrease of 19 positions or a 13.5% decrease in staff since the presentation of the 1999/2000 Main Estimates. The Committee also noted a $7,319,000 or 60% decrease in total Capital expenditures between the Department's 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates.

Committee Members noted that although under the Municipal Operating Assistance Policy (MOAP) and the Settlement Operating Assistance Policy (SOAP), communities received a minimal increase in Operations or O & M funding, this was more than offset by very substantial decreases in proposed capital funding.

Furthermore, taxed based communities which receive block funding to meet their overall funding requirements received an almost five percent reduction across the board.

Funding Reductions

Taxed-based communities will receive a 4.73% less in proposed block funding in 2000/2001. The Northwest Territories Association of Municipalities and Members of the Standing Committee pointed out the lack of notice of the funding reduction by the Government. Furthermore, as the fiscal year for taxed based communities is different, adjustments to their budgets are especially difficult, as expenditures have already been planned for the next fiscal year based on current levels of block funding. Communities will have to find money within or raise taxes to make up for the projected shortfall in funding.

The Standing Committee on Governance and Economic Development recommends that the Government introduce legislation requiring a minimum notification period of one year when the Government is planning to reduce funding targeted for specific communities.

The Committee also observed that well managed communities might be penalized for good administration. Less well-managed communities are given extraordinary funding to balance their budget. Extraordinary funding in these cases do not encourage good municipal management. However communities that live within their means are not given any additional funding. Committee Members encouraged the Minister to work with communities to standardize community financing to ensure that the funding process is clear and equitable for all municipal governments. The Minister agreed. The Committee understands the review is underway and looks forward to reviewing the report in the fall.

Committee Members pointed out that although operational expenditures for non-taxed based communities increased marginally, this proposed increase is more than offset by substantial decreases in proposed capital funding. In addition, as funding continues to be reduced to communities, the community's ability to deliver essential programs and services as well as operate its facilities effectively and safely may be compromised. The Committee holds the position that public health should be the top priority in any funding changes or transfers of infrastructure, program or service. In concurrence with recent observations by the Auditor General, a Third Party Accountability framework should also be adopted. This framework will ensure that communities continue to deliver high standards of programs and services, while ensuring economic, effective and efficient community spending.

Self Government

Committee Members pointed out to the Minister that while the Department has increased funding and its level of participation at self-government talks, reductions in the Department's overall capital and operational expenditures are projected to decline. Funding for the Department's self-government participation may be better spent on infrastructure or other essential programs or services.

The Committee noted that the structure of communities will likely change with the conclusion of self government talks and reiterated the importance of having an effective Third Party Accountability framework in place. The Minister agreed with the Committee and stated that a legislative proposal scheduled for introduction in fall of 2000 will address this concern.

Ministry of Aboriginal Affairs

General

The Establishment Policy for the Ministry states, "the mandate of the Minister and Ministry is to protect, develop and promote the interests of the territorial government and the residents of the Northwest Territories in the negotiation and implementation of land claims, self government and treaty entitlement agreements; in the political and constitutional development of the western Northwest Territories; and develop and maintain mutually beneficial working relations with the Aboriginal leadership."

The Standing Committee on Governance and Economic Development met with the Minister and Ministry to review the 2000/2003 Business Plans and the 2000/2001 Main Estimates on Tuesday, May 30, 2000. The Committee noted a $1,034,000 or 28% increase in total Operations or O & M expenditures between their 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. Committee Members also noted a significant increase of 6 positions; an overall increase of 21% from the 1999/2000 Main Estimates.

Co-ordination of Negotiations

Within the Government of the Northwest Territories there are many financial and human resources being devoted to the negotiation and implementation of land claims, self-government agreements and constitutional development talks. The Department of Executive has added the Intergovernmental Forum Secretariat to coordinate the GNWT participation in Aboriginal, Territorial and Federal government discussions such as devolution, resource revenue sharing, oil & gas developments, the fiscal relationship with Ottawa, and northern control over northern resources. Another section added to the Executive, Intergovernmental Affairs, assists in the preparation of strategies to address territorial, national and international issues. The Department of Municipal and Community Affairs has increased their participation in self-government talks. The Departments of Resources, Wildlife and Economic Development and Health and Social Services also are involved in the negotiations. The Standing Committee on Governance and Economic Development has grave concerns that with the increased Departmental involvement in self-government, land claims, devolution and resource revenue sharing that there is a definite inefficient use of government funds. These funds could be better spent on infrastructure or other essential programs or services.

Further to the significant cost of the pockets of government involved in negotiations the Committee is uneasy with the lack of clear lines of authority. The roles of the

Intergovernmental Forum Secretariat; Intergovernmental Affairs; various Government of the Northwest Territories Departments and the Ministry of Aboriginal Affairs need to be established. This is further addressed in the Committee's comments on the Department of the Executive.

Negotiating Tables

Members of the Committee expressed discontent with progress made at negotiation tables. The Committee was informed that other parties often hinder progress and negotiations may stop for long periods of time. Further, the Ministry has difficulty obtaining skilled staff to fill vacant negotiator positions. The Committee notes that while the Ministry is requesting additional positions, it also endorses the secondment of some of its staff to other Governments, Departments, or organizations. Positions that are identified but are not filled will result in lapsed funding. The Minister agreed and explained that this is the last increase in positions for Aboriginal Affairs, and decreases in the number of positions will become the norm as more tables reach their conclusion.

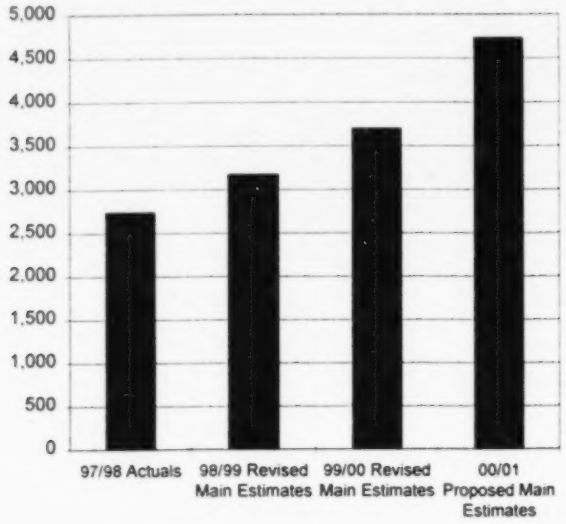
The Minister supplied an overview of the status of each negotiating table, and offered to provide a more detailed briefing to the Committee.

Budget

The budget for the Ministry continues to grow. Two new negotiation tables, the Deh Cho First Nation and the Akaitcho First Nation, have been added, bringing the total to seven active negotiation processes. The Minister assured the Committee that the Ministry would get smaller as more claims are settled, however the Ministry will retain responsibility for implementation of the agreements.

Members noted that $751,000 was spent on travel, most of which happens in the south, and questioned as to why so many of the negotiations occurred outside the Northwest Territories, away from the beneficiaries. The Ministry responded that the other two parties in the negotiations; the Federal government and the Aboriginal Organization request the negotiations to occur in the south.

The Standing Committee on Governance and Economic Development recommends that the Ministry of Aboriginal Affairs continue to press for negotiations to take place in the North, closer to the beneficiaries.



The Committee also observed that the Ministry had requested funding for positions at the Akaitcho table. The framework agreement for that table will not be signed until July resulting in a possible lapse of funds at the end of the fiscal year.

Public Works and Services

General

The Establishment Policy for the Department states, "the mandate of the Minister and the Department of Public Works and Services is to design, construct, acquire, operate and maintain buildings, works and equipment and implement energy efficient projects in Government of the Northwest Territories buildings and works required for the Government of the Northwest Territories to deliver its programs and services, provide a system of specialist services that enhance the efficiency of government Departments and make essential petroleum products available for sale to the public where these are not provided by the private sector".

The Standing Committee on Governance and Economic Development met with the Minister and Department officials on May 30 and 31, 2000 to review the 2000/2003 Business Plans and the 2000/2001 Main Estimates. The Committee noted a $415,000 or 4% increase in total Operations or O & M expenditures between their 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. The projected increase is due

to the inclusion of capital assets under $50,000 within Operation Expenses as required under the new Tangible Capital Assets reporting process. Previously, all capital assets were reported under Capital expenditures. The Committee also noted that there was $34,176,000 for work in progress, an increase of $2,057,000 or 80% increase from the 1999/2000 Revised Main Estimates. Committee Members also noted the decrease of 9 positions (-4%) in the Department.

Performance Measures

During the review, the Department expressed that it had difficulty in quantifying performance indicators. The Committee is chagrined by this comment. The Department is a service provider and should design its outcome measures accordingly.

It is noted that many of the tasks performed by Public Works and Services are on behalf of others and clients may change what they want. The changes affect the time for completion and the costs. The Department stated that in many cases, it assumed the blame for cost overruns caused by other Departments and things outside their control. It is felt that the Department could develop outcome measures that addressed client satisfaction for services provided and not necessarily for a physical product.

Cost Overruns

Presently, with government contracts, there is no process for the public to see cost overruns and broken timeframes. The Department added that it is sometimes mistakenly saddled with the blame for cost overruns on projects managed on behalf of other Departments. The Department explained that these overruns arise from last minute change orders from the other Departments. The Committee sees this as an issue to be pursued in the future.

Service Delivery

The Committee encourages the government to proceed with care when it comes to privatization of services; services that include the delivery of electrical power and petroleum products to northern communities. The Committee supports industry but believes there must be a means of preventing companies from picking only profitable ventures and leaving high cost areas behind resulting in a higher cost to government.

Telecommunications

The Department indicated that it would be taking part in the Canadian Radio-Television and Telecommunications Commission (CRTC) hearing in June. The Department is supportive of CRTC establishing high cost areas and implementing a subsidy plan but felt that the company could do more is some areas. Some Members of the Committee expressed support for NorthwesTel's proposal to provide basic telecommunication services to all communities. A concern was also expressed for the future of the basic service to small communities should the telecommunication competition be wide open in the North to southern firms who may be interested in serving only the large profitable centres and ignore the services to the small communities. The Committee is supportive of other service providers taking a more active role in the provision of telecommunication services in the NWT, but Committee Members added that whoever does it, must agree to provide basic services to all communities.

In addition, the number of NorthwesTel staff located in the NWT do not reflect the amount of business generated in the Northwest Territories. The greatest amount of the company's revenue is generated in the Northwest Territories, however, the majority of the staff, specifically senior positions have been moved out of the territory. NorthwesTel is aware of this concern but has not made any recommendations to reconcile this issue.

Petroleum Products

The privatization of petroleum products delivery was discussed during the review. The Department was unaware that the Government of the Northwest Territories had received payment for petroleum products that were included in Nunavut assets when the two new territories were formed. The Committee also learned that Cabinet has set criteria to guide the privatization of petroleum products and the Department is exploring all options. Committee Members have noted that several groups have expressed interest, and encourage the Department that this will be a public process. The Government at the request of the Committee during the recent review of the 2000-2001 Interim Appropriation agreed that "if the Petroleum Products Division was to be considered for sale, a call for proposals is publicly advertised, and the division be sold as a single entity" (p. 10, Review of the 2000-2001 Interim Appropriations, Standing Committee on Governance and Economic Development).

The Committee requested further information on who presently has fuel contracts, the terms of the fuel contracts and the amount of the contracts. The Committee looks forward to further consultation as this process evolves.

Public Works and Services Downsizing

The Department indicated that over the past five years Public Works and Services had diminished in size by approximately 60%. The Committee is aware there is a functional review being performed government-wide and may affect the final number of Departments.

Municipal governments and the Housing Corporation duplicate many of the maintenance functions performed by the Department of Public Works and Services. The committee had expected that the long-awaited Program and Functional Review would supply direction in regard to this duplication of functions. However, indications are that the government's Senior Management Task team, which was responsible for this review, has made little progress. Should this task team not make progress in the near future, the Committee will recommend that a functional audit be performed on the Department.

Information Technology

The government is presently undergoing an Informatics strategy exercise. Each Department is carrying out their own review of informatics in addition to a government wide review. The Committee expressed trepidation in respect to the methodology employed. Individual and government wide reviews require a great deal of resources. Perhaps it is time for a more efficient approach for the management of informatics within government to be explored.

Human Resources

Much to the Committee's chagrin, the Department informally performs exit interviews but does not keep records. The Department indicated that it would look at more formal reporting of exit interviews but only if there were sufficient value to warrant the resources to do so. Members are of the opinion that exit interviews are an integral tool of human resource management and should be used consistently throughout government.

Discussion occurred about human resource staff located throughout the different regions. It was indicated that human resource management duties were often combined with other functions performed by an individual staff member. The Committee requested the Department to supply them with the number of individuals involved in the Human Resource field and the portion of time spent on human resources.

Records Management

Members are concerned that the implementation of the Records Management System (RIMS) is taking more time than it should. It is hoped that the Department addresses this issue before it becomes another costly and unwieldy government management system.

The Standing Committee on Governance and Economic Development recommends that the Department of Public Works and Services implement a revised overall Government-wide records management plan that all Government Departments can adhere to and incorporate by March 2001.

Transportation

General

The mandate of the Department of Transportation is to provide safe, accessible and reliable movement of people and goods to serve the social, economic and political needs and aspirations of the people of the Northwest Territories.

The Standing Committee on Governance and Economic Development reviewed the 2000-2003 Business Plans and Draft Main Estimates for the Department of Transportation on Wednesday, May 31, 2000. The Committee noted a $2,942,000 or 4% decrease in total Operations or O & M expenditures between the 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. This projected decrease in O & M expenditures may be greater than it appears, as it may be offset by the transfer of capital assets valued under $50 K from Capital expenditures as required by the new Tangible Capital Assets reporting process. The Committee also noted a $9,334,000 or 30% decrease in total Capital expenditures between the Department's 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. Committee Members also noted a decrease of 6 staff positions for an overall 2% decrease in the number of staff since the presentation of the 1999/2000 Main Estimates.

The Committee's main concern is the Government's ability to maintain and expand our transportation infrastructure despite continuing reductions in funding. Eventually the Committee concluded, public safety will be compromised. Access to resources and linkages between communities with southern markets require an extensive and well-maintained transportation system.

Furthermore, if any reductions in funding are to be made, they should be implemented equitably across the board. This recommendation was also made in the Committee's Review of the 2000-2001 Interim Appropriations (p. 9), which stated that "if any funding cuts are considered in any programs or services within Government, they should be made equally across the board".

Expenditure Reductions; Highway Strategy and Federal Funding

The Committee concluded that our transportation system could no longer incorporate further cuts in expenditures. Further reductions will lead to increased repair and replacement costs in the future as well as compromising public safety in the immediate and long term.

The Committee pointed out that the Federal National Highway Programs that will be initiated in 2002/2003 might provide funding for major highways. Should it be based on the current transportation funding formulas, the Territorial Government will have to match funds with the new Federal funding. The Territorial Government is in a difficult fiscal position and new monies will remain difficult to procure. The Committee stated that this Government should not be penalized for developing our highway system, and furthermore, the Committee is concerned that the Federal program will not provide funding for secondary highway systems. The Committee urged the Government to lobby the Federal Government vigorously to ensure that any new funding formulas include adequate funding for all major highways, including secondary systems to ensure our road system remains safe and reliable.

The Standing Committee on Governance and Economic Development recommends that the Government not make any further reductions in funding for the NWT transportation system; and further, that the Government increase pressure on the Federal Government for additional funding for the NWT transportation system.

Winter Roads; Community Access Roads; and Ferries

Winter roads are an important component of our highway system. These roads provide increased and cost effective access to resources. Committee Members encourage the Department to look for options to increase the window for winter road usage. The Department agreed.

The Committee noted that the Community Access Roads program has been totally allocated. This program not only provides seasonal employment but expands a community's road system to include recreation, cultural and heritage sites. This program

is an important component of a community's ability to attract increased tourist dollars. The Department agreed, and replied that funding for next year is available upon application.

Committee Members noted that in many cases ferries are not only facing low water levels but also increasing operational costs due to more stringent regulatory regimes. The use of ferries in some operations may no longer represent good value for money. Increased expenditure requirements combined with a reduced window of usage may eventually see bridges as a more cost-effective alternative. The Committee remains open to bridge and other proposals that will contribute to a more efficient, effective and economical transportation system.

Public Safety

Committee Members are concerned about the number of impaired driving and accident statistics on our highway system. As funding reductions appear to be the norm for at least the short term, safety on our highway system may be further minimized. The Department agreed and is preparing a legislative proposal to more effectively address the number of impaired and reckless driving incidents.

Executive

General

The Standing Committee on Governance and Economic Development met with the Premier and Departmental staff to review the 2000-2003 Business Plans and 2000-2001 Main Estimates on Thursday, June 1, 2000. The Committee noted a $1,962,000 or 24% increase in total Operations or O & M expenditures between their 1999/2000 Main Estimates and the 2000/2001 Draft Main Estimates. Committee Members also noted an increase of 2 positions for an overall increase of 3% in staff since the presentation of the 1999/2000 Main Estimates.

Business Plan

Change in Vision Statement

The Committee noted that since the previous business plan, the Department of Executive has made changes in direction within its Business Plans. The vision statement has changed to:

> *Our vision is to contribute to governance within the Northwest Territories by providing superior service to Cabinet, sound advice to Departments and innovative, results-oriented leadership within the territorial public service.*

Previously the vision was "a healthy population served by a stable, effective, and efficient government that is consistent with Canadian democratic traditions and is respectful of the needs, potential, and aspirations of all residents".

Members indicated that they perceived the change in vision as a shift in focus from people towards a Departmental job description.

Goals/Strategies/Measures/Outcome Measures

The goals, strategies, measures and outcome measures of the Department have also changed significantly from prior years. The Committee is of the mind that while it is good for the Department to refocus, the focus may have become too centered on limited activities within the Department and does not speak to the government as a whole. After all, the mandate of the Premier and Department is to provide overall management and direction to the Executive branch of the Government of the Northwest Territories.

As in the case of many other Departments, the Committee reiterates the need for outcome measures to be measurable and suggests that the Department may want to revisit these to make them measurable. The Committee discussed the need for timelines with the Premier and the Department and recognize that some goals may take longer that the length of this government to achieve. The Premier indicated that the Department was in the process of creating a timeline for government; the Committee looks forward to reviewing it.

Sectors of Government Involved in Intergovernmental Negotiations

As stated earlier in the review of the Ministry of Aboriginal Affairs, the Committee has grave concerns in regard to the numerous sectors of government that are involved in self-government, land claims, devolution and resource revenue sharing negotiations. In the past year, the Department of Executive has added the Intergovernmental Forum Secretariat to coordinate the GNWT participation in Aboriginal, Territorial and Federal government discussions such as devolution, resource revenue sharing, oil & gas developments, the fiscal relationship with Ottawa, and northern control over northern resources. Another section added to the Executive, Intergovernmental Affairs, assists in the preparation of strategies to address territorial, national and international issues. There are also sections in the Ministry of Aboriginal Affairs and other government Departments involved in intergovernmental negotiations.

It is the opinion of the Committee that with so many pockets of government involved in intergovernmental negotiations, there is a definite inefficient use of people and government funds; funds that could be better spent on infrastructure or other essential programs or services for the people of the Northwest Territories.

Further to the significant cost of the pockets of government involved in negotiations the Committee is uneasy with the lack of clear lines of authority. Committee unease was confirmed when the Premier admitted that there was no clear authority for the Intergovernmental Forum Secretariat, Intergovernmental Affairs and the Ministry of Aboriginal Affairs.

The Committee supports the Standing Committee on Accountability and Oversight's recommendation that the Department establish clear lines of authority and mandates for all sectors of government involved in the negotiation procedures, and do so without prolonging any of the processes of government. Efficiency and effectiveness of government should be considered above the need to increase and sustain bureaucracy.

Regional Reorganization

There is a review of regional organization underway. The Committee encourages the government to consider current political initiatives but exercise caution. Regions should not be so small that they have insufficient resources for services and programs.

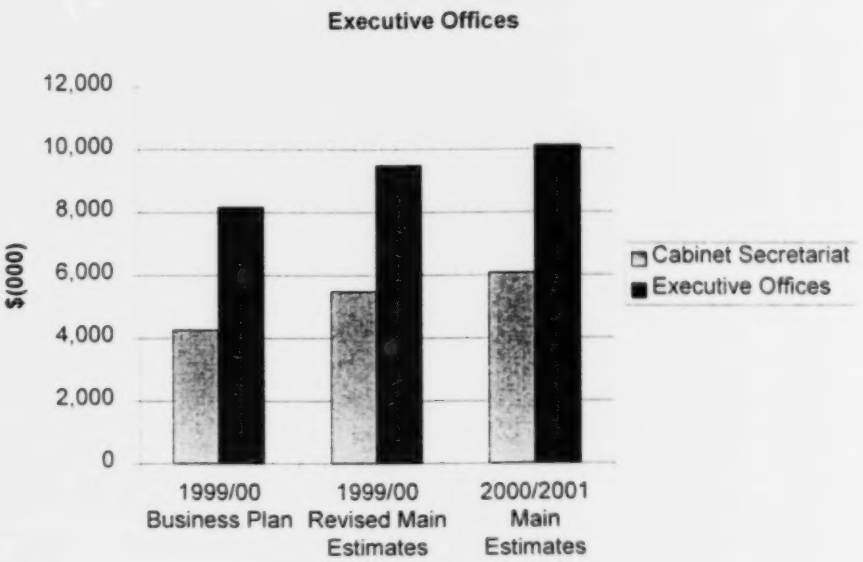
Committee Members request that the Government keep the Committee up to date on this initiative.

Human Resources

As the Corporate Human Resources Services section resides within the Department of Executive, the Department was asked for, and agreed to supply, government-wide statistics at the Departmental level for the Affirmative Action policy. The Committee also raised concerns regarding possible adverse effects of the Staff Retention Policy on the Affirmative Action Policy. Other areas of discussion included the need for consistency as to what qualifies as a managerial position; the loss of employees to private industry; and the inability of PeopleSoft to track casual employees.

Financial Implications

The Committee has noted the increase in expenditures in the Operations and Maintenance side of the Executive Offices, particularly in the Cabinet Secretariat.



There is a 43% ($1.83 million) increase in Cabinet Secretariat from the 1999/2000 Business Plans to the 2000/2003 Business Plans. The funding has increased from $4.25 million $6.01million

This is a 24% ($1.96 million) increase in the Executives Offices as a whole. The funding has increased from $8.17 million to $10.13 million.

Increases in Cabinet Secretariat account for 93% of the funding increase for the Executive Offices.

The Committee requested and since received a description of the changes to the Operations and Maintenance funding from the 1999/2000 Main Estimates to the 2000/2001 Main Estimates.

The Standing Committee on Governance and Economic Development repeats its warning that during present times where there are limited financial resources, when more money is spent on bureaucracy in government it is necessary to make cuts in other areas. These areas include capital items, programs and services for our communities.